

Standard 7-1 The student will demonstrate an understanding of the colonial expansion of European powers and their impact on world government in the seventeenth and eighteenth centuries.

7-1.6 Explain the emergence of capitalism, including the significance of mercantilism, a developing market economy, an expanding international trade, and the rise of the middle class. (E, H, P)

Taxonomy Level: B 2 Understand/Conceptual Knowledge

Previous/future knowledge:

In 2nd grade, students identified the relationships between trade and resources both within and among communities, including natural, human, and capital resources (2-5.4).

In 3rd grade, students explained the role of African Americans in the developing plantation economy (3.2.7).

In 4th grade, students explained the political, economic, and technological factors that led to the exploration of the New World by Spain, Portugal, and England, including the competition between nation-states, the expansion of international trade (4-1.1). Students also identified the English, Spanish, and French colonies in North America and summarized the motivations for the settlement of these colonies, including freedom of worship and economic opportunity (4-2.3). Students compared the European settlements in North America in terms of their economic activities, religious emphasis, government, and lifestyles (4-2.4). Students also summarized the types of goods – rice, indigo, sugar, tobacco, and rum, for example – that were exchanged among the West Indies, Europe, and the Americas (4-2.5).

In 6th grade, students used a map to illustrate the principal routes of exploration and trade between Europe, Asia, Africa, and the Americas during the age of European exploration (6-6.1). Students compared the incentives of the various European countries to explore and settle new lands (6-6.2).

In 7th grade, students will explain the causes and course of the Industrial Revolution in Europe, Japan, and the United States, including the reasons that England was the first nation to industrialize, the impact of the growth of population and the rural-to-urban migration, the changes in the organization of work and labor, and the development of socialism (7-3.4).

In Global Studies, students will analyze the social, political, and economic upheaval and recovery that occurred in Europe during the Middle Ages, including the plague and the subsequent population decline, the predominance of religion and the impact of the Crusades, and the increasing interregional trade (GS-2.6). Students will also explain the economic and cultural impact of European involvement on other continents during the era of European expansion (GS-4.2).

It is essential for students to understand the economic changes taking place in Europe during the 17th and 18th centuries as Europe continued to move away from a feudal economic system and towards a capitalistic system. Under the feudal system the economy was largely driven through land ownership and the development of self-sufficient manors which controlled resources. Trade did take place, but it was primarily small-scale and was not a dynamic force in feudal economics. The continued growth of trade, especially international trade, during the 15th-17th centuries led to an emerging capitalist economy in Europe.

Capitalism is an economic system based upon the private ownership of resources and production that is driven to make a profit. During the 17th and 18th centuries, changing economic activities began to alter the economic structure of Europe and lent itself to the establishment of capitalism. With the growth of international trade that resulted from improved navigational techniques, the “discovery” and colonization of the New World, and a growing merchant class, the economy became more complex and moved beyond the simple feudal system based on land ownership. In response to these changes, European nations began to develop the system of **mercantilism**. Under mercantilism, governments sought to control and regulate trade (thus it was not a pure capitalistic system) so as to create a favorable balance of trade – i.e. the value of their exports would be greater than the value of their imports. By establishing a favorable trade balance, nations could then build their supplies of gold and silver and thereby build wealth. Colonies were a critical component of mercantilist practice because they provided raw materials and resources as cheap imports and a market for finished products. While the governments sought to regulate trade and foster national wealth, the instrument through which trade operated was private ownership. Merchants and ship owners took the risks and enjoyed the profits of the growing international trade. These merchants and businessmen formed the backbone of a growing middle class in the towns and cities of Europe and contributed to a growing market within Europe. With new wealth, this middle class contributed to the emerging market economy in Europe. (A market economy is a system in which individual buyers and sellers interact in the marketplace to exchange goods and services). The development of these factors – mercantilism, international trade, rise of the middle class, developing market economy – combined with advancing technology and democratic/republican movements was critical in the creation and advancement of capitalism.

It is not essential for students to know the specific trade patterns or products undertaken by each of the European nations, although students should have a general idea of these patterns and markets. It also is not necessary for students to understand the details of how mercantilism operated and resulted in the build-up of gold and silver.

Assessment guidelines: The indicator requires students to be able to **explain** so appropriate assessments would require students to show the **causal relationship** between these factors and the emergence of capitalism. It would be suitable for students to **compare** the impact of each factor and **defend** which one(s) was most important. It would also be appropriate to have students **compare** the basics of the feudal economic

system and capitalism and **identify/describe** aspects of feudalism that were not capitalistic.

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